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First Steps Referral and Consulting, LLC

Financial Report

Years Ended June 30, 2009 and 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/27/10

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KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITORS' REPORT

First Steps Referral and Consulting, LLC New Iberia, Louisiana

We have audited the accompanying balance sheets of First Steps Referral and Consulting, LLC (a limited liability company) as of June 30, 2009 and 2008, and the related statements of income, member's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of First Steps Referral and Consulting, LLC, as of June 30, 2009 and 2008, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 9, 2009, on our consideration of First Steps Referral and Consulting, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying schedule of expenditures of federal awards included in the Single Audit Section in the table of contents is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of First Steps Referral and Consulting, LLC. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 9, 2009

FINANCIAL STATEMENTS

FIRST STEPS REFERRAL AND CONSULTING, LLC
New Iberia, Louisiana

Balance Sheets
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets:		
Cash	\$ 55,258	\$ 13,284
Receivables -		
Department of Health and Hospitals	92,256	107,926
Department of Social Services	6,666	-
Napa County Office of Education	2,436	-
Arc of Baton Rouge	2,000	-
Prepaid expenses	<u>1,030</u>	<u>4,052</u>
Total current assets	159,646	125,262
Property, plant and equipment, net	15,951	12,791
Other assets:		
Deposits	<u>215</u>	<u>2,105</u>
Total assets	<u>\$ 175,812</u>	<u>\$ 140,158</u>
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities:		
Accounts payable	\$ 18,580	\$ 13,326
Loans payable to employees	25,000	25,000
Other accrued liabilities	<u>6,323</u>	<u>4,862</u>
Total current liabilities	49,903	43,188
Long-term debt	<u>42,893</u>	<u>18,000</u>
Total liabilities	92,796	61,188
Member's equity	<u>83,016</u>	<u>78,970</u>
Total liabilities and member's equity	<u>\$ 175,812</u>	<u>\$ 140,158</u>

The accompanying notes are an integral part of this statement.

FIRST STEPS REFERRAL AND CONSULTING, LLC
New Iberia, Louisiana

Statements of Income
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
REVENUE		
Federal grants -		
Department of Health and Hospitals	\$ 886,592	\$ 702,544
Napa County Office of Education	7,111	-
Department of Social Services	<u>6,666</u>	<u>-</u>
Total federal grants	900,369	702,544
Consulting revenue	<u>32,000</u>	<u>-</u>
Total revenue	932,369	702,544
EXPENSES		
Administrative cost	77,175	46,075
Copier rental	6,022	11,069
Consulting	17,792	-
Depreciation	3,662	4,470
Health insurance/stipend	42,479	40,774
Insurance	17,582	14,674
Mailing	15,007	9,171
Maintenance	1,061	-
Office rent	15,265	18,120
Office supplies	20,755	15,610
Payroll taxes	33,174	24,709
Professional fees	12,300	11,000
Salaries	455,490	322,886
Simple IRA plan	14,456	9,377
Storage rental	1,335	3,087
Telephone and utilities	24,274	14,983
Travel	<u>58,455</u>	<u>48,321</u>
Total expenses	816,284	594,326
Net income before other expenses	116,085	108,218
OTHER EXPENSES		
Interest expense	<u>5,326</u>	<u>2,899</u>
NET INCOME	<u>\$110,759</u>	<u>\$ 105,319</u>

The accompanying notes are an integral part of this statement.

FIRST STEPS REFERRAL AND CONSULTING, LLC
New Iberia, Louisiana

Statements of Changes In Member's Equity
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Balance, beginning of year as previously reported	\$ 78,970	\$ 97,388
Prior period adjustment - understatement of loans and accrued interest payable to employees	<u>-</u>	<u>(6,603)</u>
Balance, beginning of year as restated	78,970	90,785
Net income	110,759	105,319
Distribution to member	<u>(106,713)</u>	<u>(117,134)</u>
Balance, end of year	<u>\$ 83,016</u>	<u>\$ 78,970</u>

The accompanying notes are an integral part of this statement.

FIRST STEPS REFERRAL AND CONSULTING, LLC
New Iberia, Louisiana

Statements of Cash Flows
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Net income	\$ 110,759	\$ 105,319
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,662	4,470
Changes in operating assets and liabilities -		
Decrease in due from Department of Health and Hospitals	15,670	169
Increase in due from Office of Family Support	(6,666)	-
Increase in due from Napa County Schools	(2,436)	-
Increase in due from Arc of Baton Rouge	(2,000)	-
Decrease in prepaid expenses	3,022	4,810
Decrease in deposits	1,890	-
Increase in accounts payable	5,254	3,716
Increase (decrease) in other accrued liabilities	<u>1,461</u>	<u>(1,537)</u>
Net cash provided by operating activities	<u>130,616</u>	<u>116,947</u>
Cash flows used by investing activities		
Acquisition of property and equipment	<u>(6,822)</u>	<u>(7,127)</u>
Cash flows from financing activities		
Proceeds from line of credit	347,000	72,000
Principal payments - Line of credit	(322,107)	(54,000)
Principal payments - Loans payable to employees	-	(10,000)
Distribution to member	<u>(106,713)</u>	<u>(117,134)</u>
Net cash used by financing activities	<u>(81,820)</u>	<u>(109,134)</u>
Increase in cash and cash equivalents	41,974	686
Cash and cash equivalents, beginning of year	<u>13,284</u>	<u>12,598</u>
Cash and cash equivalents, end of year	<u>\$ 55,258</u>	<u>\$ 13,284</u>
Supplemental disclosure for the statement of cash flows:		
Interest paid	<u>\$ 5,924</u>	<u>\$ 2,281</u>

The accompanying notes are an integral part of this statement.

FIRST STEPS REFERRAL AND CONSULTING, LLC
New Iberia, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Business

First Steps Referral and Consulting, LLC (the Organization) provides System Points of Entry (SPOE) services within the parishes of Allen, Beaugard, Jeff Davis, Lafayette, Iberia, St. Martin, Vermillion, St. Landry, Evangeline, Acadia, Cameron and Calcasieu for Louisiana's early intervention system – Childnet (Part C) and its eligible infants and toddlers from birth to three as regulated under Part C of the Individuals with Disabilities Education Act (IDEA). In addition, the Organization provides professional consulting services to third parties. The Organization began operations in 2003 and is supported almost entirely through contracts with Department of Health and Hospitals.

B. Revenue and Expense Recognition

The Organization recognizes revenues as reimbursable expenses incurred under the contracts. Consulting revenue is recognized upon performance of services. Expenses are recognized as they are incurred.

C. Receivables

The Organization considers amounts recorded as receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

D. Concentration of Credit Risk

The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to \$250,000 effective October 3, 2008 through December 31, 2013 for cash on deposit at each institution. Prior to October 3, 2008, the FDIC insured up to \$100,000 of the cash deposited per institution. In the event of a failure of the institution, the FDIC is not obligated to pay uninsured deposits. The Company's balance, at times, may exceed federally insured limits. At June 30, 2009 and 2008, the Organization had no uninsured balances.

Contract revenue from Department of Health and Hospitals accounted for ninety-five percent of the Organization's revenues for the year ended June 30, 2009 and accounted for all of the Organization's revenues for the year ended June 30, 2008.

FIRST STEPS REFERRAL AND CONSULTING, LLC
New Iberia, Louisiana

Notes to Financial Statements (Continued)

E. Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Depreciation is computed using the straight-line method over the useful lives of the assets for financial reporting purposes. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to operations as incurred. The estimated lives are as follows:

Furniture and fixtures	7 years
Equipment	5 years

F. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

G. Compensated Absences

Each employee earns annual leave of 80 hours per year. Any amount not used by December 31st of the year earned is lost. Unused annual leave is paid to an employee upon retirement or resignation at the hourly rate being earned by that employee at separation.

H. Income Taxes

The Organization has elected to be taxed as a limited liability company for federal and state income tax purposes. The sole member has consented to include her pro rata share of the Organization's income or loss in her individual tax return. Accordingly, no provisions for federal and state income taxes were made in the accompanying financial statements.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

FIRST STEPS REFERRAL AND CONSULTING, LLC
New Iberia, Louisiana

Notes to Financial Statements (Continued)

(2) Prior-Period Adjustment

Member's equity at June 30, 2007 has been adjusted to correct an error in understating a loan payable to an employee made at June 30, 2006. Had the error not been made, net income would have been decreased by \$222 and \$371 for the years ended June 30, 2006 and 2007, respectively. Member's equity would have been decreased by \$6,000 at June 30, 2006.

(3) Property, Plant, and Equipment

The following is a summary of property, plant, and equipment as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Furniture and fixtures	\$ 2,384	\$ 2,384
Equipment	<u>41,333</u>	<u>34,511</u>
	43,717	36,895
Less: accumulated depreciation	<u>(27,766)</u>	<u>(24,104)</u>
	<u>\$ 15,951</u>	<u>\$ 12,791</u>

Depreciation expense for the years ended June 30, 2009 and 2008 was \$3,662 and \$4,470, respectively.

(4) Other Accrued Liabilities

Other accrued liabilities consisted of the following for the years ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Compensated absences	\$4,461	\$ 2,402
Interest	<u>1,862</u>	<u>2,460</u>
	<u>\$ 6,323</u>	<u>\$ 4,862</u>

FIRST STEPS REFERRAL AND CONSULTING, LLC
New Iberia, Louisiana

Notes to Financial Statements (Continued)

(5) Loans Payable to Employees

Loans payable to employees at June 30, 2009 and 2008 consists of the following:

	<u>2009</u>	<u>2008</u>
Unsecured loan payable to Claudia Fontenot, member's sister due on demand, interest rate of 5.98%.	\$ 5,000	\$ 5,000
Unsecured loan payable to Sarah Hill, member's sister, due on demand, interest rate of 5.98%.	20,000	20,000
Total loans payable	<u>\$ 25,000</u>	<u>\$ 25,000</u>

(6) Long-Term Debt

Long-term debt at June 30, 2009 and 2008 consists of the following:

	<u>2009</u>	<u>2008</u>
Under the terms of a bank working capital line of credit agreement dated February 19, 2008, the Organization may borrow up to \$125,000 with interest due monthly, varying at the prime rate of interest for 10 years, at which time the draw period matures. The interest rate was 6.95% and 8.70% at June 30, 2009 and 2008, respectively. The line is secured by a continuing security interest in all assets owned by the Organization. The Company had \$82,107 and \$107,000 of unused line of credit at June 30, 2009 and 2008, respectively.	<u>\$ 42,893</u>	<u>\$ 18,000</u>

Interest expense for the years ended June 30, 2009 and 2008 amounted to \$3,071 and \$108, respectively.

(7) Related Party Transactions

Salaries paid during the years ended June 30, 2009 and 2008 to related parties are as follows:

	<u>2009</u>	<u>2008</u>
Claudia Fontenot, member's sister	\$ 41,931	\$ 37,440
Mona Jones, member's sister	34,720	30,347
Della Zenon, member's sister	36,465	29,307
Sue Hamilton, member's sister	34,774	29,307
Kellie Hockless, member's daughter	12,000	3,150
Marcus Hockless, member's son	1,618	-

FIRST STEPS REFERRAL AND CONSULTING, LLC
New Iberia, Louisiana

Notes to Financial Statements (Continued)

(7) Related Party Transactions (continued)

Borrowings include \$5,000 from Claudia Fontenot, Member's sister and \$20,000 from Sarah Hill, Member's sister at June 30, 2009 and 2008 both bearing an interest rate of 5.98%. Interest expense on these loans for the years ended June 30, 2009 and 2008 amounted to \$1,496 and \$2,791, respectively. Accrued interest as of June 30, 2009 and 2008 was \$1,862 and \$2,460, respectively.

(8) Operating Leases

The Organization currently leases their main office in New Iberia, Louisiana for \$1,000 a month under a lease expiring November 30, 2011. The organization leases additional office space located in Lake Charles, Louisiana for \$60 a month under a lease expiring June 30, 2009 with the option to renew for a period of one year. Lease expense for the years ended June 30, 2009 and 2008 totaled \$15,265 and \$18,120, respectively.

Future minimum lease payments are as follows:

2010	\$ 12,000
2011	5,000

(9) Employee Retirement Benefits

The Organization has a SIMPLE IRA plan for employees starting ninety days after employment. The Company contributes 3% of employees' annual salary. Contributions made for the years ended June 30, 2009 and 2008 totaled \$14,456 and \$9,377, respectively.

**INTERNAL CONTROL
AND
COMPLIANCE**

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

First Steps Referral and Consulting, LLC New Iberia, Louisiana

We have audited the financial statements of First Steps Referral and Consulting, LLC (the Organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated October 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the control deficiency described in the accompanying summary schedule of current year audit findings and management's corrective action plan as item 09-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management of First Steps Referral and Consulting, LLC, Department of Health and Hospitals, and Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Also, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 9, 2009

**SINGLE AUDIT
SECTION**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

First Steps Referral and Consulting, LLC
New Iberia, Louisiana

Compliance

We have audited the compliance of First Steps Referral and Consulting, LLC (the Organization) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2009. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management of First Steps Referral and Consulting, LLC, Department of Health and Hospitals, and Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Also, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 9, 2009

FIRST STEPS REFERRAL AND CONSULTING, LLC
New Iberia, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Department of Education/Louisiana Department of Health and Hospitals		
Louisiana Early Intervention System	84.181	\$ 886,592
Department of Health and Human Services/Napa County Office of Education		
Head Start	93.600	7,111
Department of Health and Human Services/Louisiana Department of Social Services		
Child Care	93.575	<u>6,666</u>
TOTAL FEDERAL AWARDS		<u>\$ 900,369</u>

FIRST STEPS REFERRAL AND CONSULTING, LLC
New Iberia, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of First Steps Referral and Consulting, LLC and is presented on the accrual method of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

FIRST STEPS REFERRAL AND CONSULTING, LLC
New Iberia, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Part I. Summary of Auditor's Results:

1. An unqualified report was issued on the financial statements.
2. A significant deficiency in internal control was disclosed by the audit of the financial statements.
3. No instances of noncompliance were disclosed by the audit of the financial statements.
4. No material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance for the major program.
6. The audit disclosed no audit findings required to be reported under Section 510(a) of Circular A-133.
7. The major program was: U.S. Department of Education – passed through Louisiana Department of Health and Hospitals - Louisiana Early Intervention System – CFDA No. 84.181.
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
9. The auditee did qualify as a low-risk auditee under Section 530 of Circular A-133.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

Compliance Findings –

There were no compliance findings for the year ended June 30, 2009.

Internal Control Findings –

See item 09-1 in the Summary Schedule of Current Year Audit Findings and Management's Corrective Action Plan.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There are no findings that are required to be reported under the above guidance.

FIRST STEPS REFERRAL AND CONSULTING, LLC
New Iberia, Louisiana

**Summary Schedule of Current Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2009**

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
CURRENT YEAR (06/30/09) --						
<u>Internal Control Over Financial Reporting:</u>						
09-1	6/30/2007	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interests of the Organization to outsource this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Mary Hockless, Director	N/A
08-1	6/30/2007	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interests of the Organization to outsource this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Mary Hockless, Director	N/A

PRIOR YEAR (6/30/08) --

Internal Control Over Financial Reporting

Compliance:

There were no compliance findings required to be reported under Government Auditing Standards.

Compliance:

There were no compliance findings required to be reported under Government Auditing Standards.